



DIVISION OF INSPECTOR GENERAL
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Clerk of the Circuit Court and Comptroller
Pinellas County, Florida



INTERNAL QUALITY ASSESSMENT REPORT

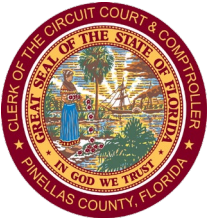


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JUNE 30, 2021



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June 30, 2021

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Enclosed is the Internal Quality Assessment Report for the Division of Inspector General (IG). We completed this review in advance of the External Quality Assessment Assurance Review due in July 2021.

In accordance with the guidelines published by the Association of Local Government Auditors and the Association of Inspectors General, we have conducted an Internal Quality Assessment Review. The objectives of our review were to determine if the IG adheres to:

- The Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing (the Standards)*
- The Association of Inspectors General, *Principles and Standards for Offices of Inspector General (the Principles)*
- *The IG Audit Services & Public Integrity Unit Manual*

The Standards require that the Chief Audit Executive develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. *The Principles* require the Inspector General to establish and maintain a quality assurance program to ensure the work is performed in compliance with IG policies and procedures, meets the standards of performance, and is completed economically, efficiently, and effectively.

The enclosed internal assessment report complies with *the Standards and the Principles*.

Respectfully Submitted,

Melissa Dondero
Inspector General/Chief Audit Executive

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INTRODUCTION

Scope and Methodology

We reviewed and conducted tests of the internal quality control system for the period of August 1, 2016 through June 6, 2021, in order to determine if it operated to provide reasonable assurance of conformance with *the Standards* and *the Principles*. In conducting our review, we followed the standards and guidelines published by the Association of Local Government Auditors and the Association of Inspectors General.

Opinion

Based on the results of our review, it is our opinion that the IG's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance and consulting engagements, and *the Principles* for investigations.

The areas for consideration noted are related to the IG's internal policies regarding independence, which exceed requirements, and updating policies to reflect current procedures, which are in conformance with *the Standards* and *the Principles*.

We commend the Inspector General/Chief Audit Executive (IG/CAE) for leading a progressive organization with a forward-thinking approach, and striving to continuously improve the IG's operations.

Background

The Internal Quality Assessment Team (the Team) members hold Certified Internal Auditor, Certified Fraud Examiner, Certified Inspector General, Certified Inspector General Investigator, and Certified Inspector General Auditor designations and have extensive government audit and investigation experience. The review covered the risk assessment and planning processes, audit and investigation tools and methodologies, engagement and staff management processes, and a thorough examination of a representative sample of audits, consultations, and investigations working papers and reports.

The audit, consultation, and investigation processes are well structured and progressive, where *the Standards* and *Principles* are understood and management is providing useful tools and implementing appropriate practices. The IG utilizes the TeamMate software system, which contains all audit, consultation, and investigation files. The Team found files well organized and easy to follow and understand. Among other tools and practices are frequent professional training for the IG staff that exceeds *the Standards* and *Principles*, including training directed

toward obtaining the Certified Internal Auditor, Certified Inspector General Auditor, and Certified Inspector General Investigator designations, among others, and Federal Law Enforcement Training. The IG also utilizes self-assessment tools for operating, reports with a focus on risk, and maintains a good reputation and credibility with clients. The IG has in place a robust quality control system. In addition, the IG underwent several peer reviews and Commission for Florida Law Enforcement reaccreditations. The IG staff also have experience performing quality assurance reviews and investigations for other governmental entities. Consequently, our comments and observations are intended to build on the solid foundation already in place at the IG.

AREAS FOR CONSIDERATION

Our internal quality review disclosed certain practices that could be improved. The responses contained herein are those received from the IG/CAE.

Audit Services

1. One Of Three Projects Reviewed Did Not Contain Conflict Of Interest Statements.

The IG's policy requires staff to complete a conflict of interest statement for each engagement. We noted that in one of three projects reviewed, the team members did not document a conflict of interest statement. However, staff complies with *the Standards* by signing an annual Conflict of Interest form. Since the IG's policy exceeds *the Standards'* requirement, staff should strive to meet the IG's policy requirements.

Standard 1120:

Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

To ensure the auditor's independence and objectivity are maintained, any conflict of interest is disclosed and the IG's policy is followed, staff should complete a conflict of interest statement for every project.

We Recommend:

The IG/CAE consider reminding staff to ensure a conflict of interest statement is completed for every project.

IG/CAE Response:

Concur. The referenced engagement was a consultation initiated in 2017. During that time, a prior version of the consultation program template did not include a section for documenting the conflict of interest statement. The current consultation program does include the appropriate section, which will prompt staff to complete it. Staff will be reminded to complete all applicable sections within TeamMate, which also requires management review and approval.

2. The IG Audit Services & Public Integrity Unit Manual Is Outdated In Some Areas Related To The Standards.

During our review of the IG Audit Services & Public Integrity Unit Manual (IG Manual) to ensure compliance with *the Standards* and *the Principles*, we noted that the IG Manual contained obsolete language that should be updated to reflect current processes. Some of the outdated sections related to only *the Standards* or only *the Principles*, and some related to both *the Standards* and *the Principles*; hence, some duplicative language can be noted below. However, the related *Standards* and *Principles* are different in each section. The four IG Manual sections that require updating related to *the Standards* are:

1. Part II Audit Services, Section II Audit Execution

“The assessment is conducted after fieldwork has been completed and the report (i) has been reviewed by the Director and is ready for sending to the Clerk for review; (ii) has been cross-referenced to supporting workpapers; and (iii) in addition to the cross-referenced report, the QA [Quality Assessment] questionnaire is done on every audit by the IG supervisor and IG auditor.”

“The reporting assessment is conducted after the report has been released and the audit is ready to be closed. The TeamMate project closing procedure is completed on every audit after the final report has been released.”

Standard 1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

Standard 1311 – Internal Assessments

Internal assessments must include:

- *Ongoing monitoring of the performance of the internal audit activity; and*
- *Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.*

The QA assessment is done after fieldwork during the reporting phase, but the precise timing varies from project to project. In addition, the QA questionnaire has been replaced by a QA guide. The reporting assessment is no longer completed.

We Recommend:

- The QA language be updated to reflect a more general process since the QA timeline varies within each project and the QA Questionnaire be updated to reflect the QA Guide.
- The reporting assessment language be removed as this procedure has been discontinued.

IG/CAE Response:

Concur. The IG Manual has been updated and edits reviewed and acknowledged by staff.

2. Part II Audit Services, Section III Audit Documentation

“All Teammate project files are backed up on a daily basis by Business Technology Services.”

“Previous records are maintained in the office files for two years and archived in the Clerk’s Records Department. Archived records are maintained in accordance with the Retention Schedule for the State of Florida.”

Standard 2330 – Documenting Information

Internal auditors must document relevant information to support the conclusions and engagement results.

Standard 2330.A2 – The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.

Standard 2330.C1 – The chief audit executive [Director] must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.

All TeamMate files are now backed up through a cloud-based provider through TeamMate. Records from prior to TeamMate are no longer maintained.

We Recommend:

- The Teammate language should be updated to reflect the current process, that project files are backed up by a cloud-based provider through Teammate.
- The statement related to previous records should be removed since files prior to Teammate are no longer maintained due to meeting required retention periods.

IG/CAE Response:

Concur. The IG Manual has been updated and edits reviewed and acknowledged by staff.

3. Part II Audit Services, Section IV Reporting

“The date will be set far enough in advance to permit delivery of preliminary drafts of the formal documents to appropriate managers, the County Administrator, and/or the Clerk at least **five working days** before the conference is scheduled in order to permit adequate review by management. Preliminary drafts will be **sent under transmittal memos**, which will request that if management has a serious concern about any finding or recommendation, they contact us for clarification or discussion before the exit conference.”

Standard 2450 – Overall Opinions

When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

The language in bold above is outdated and should be updated to reflect the current process.

We Recommend:

Update the language as needed to reflect the current process.

IG/CAE Response:

Concur. The IG Manual has been updated and edits reviewed and acknowledged by staff.

4. Part II Audit Services, Section V Internal Controls

We noted this section contained outdated job titles for IG staff members.

We Recommend:

Update all IG staff member job titles to current titles.

IG/CAE Response:

Concur. The IG Manual has been updated and edits reviewed and acknowledged by staff.

Public Integrity Unit

3. The IG Audit Services & Public Integrity Unit Manual Is Outdated In Some Areas Related To The Principles.

During our review of the IG Audit Services & Public Integrity Unit Manual (IG Manual) to ensure compliance with the *Standards* and the *Principles*, we noted that the IG Manual contained outdated language that should be updated to reflect current processes. Some of the outdated sections related to only *the Standards* or only *the Principles*, and some related to both *the Standards* and *the Principles*; hence, some duplicative language can be noted below. However, the related *Standards* and *Principles* are different in each section. The IG Manual section that requires updating related to *the Principles* is:

1. Part II Audit Services, Section II Audit Execution

- a. "The Final Report will be released: day one-County Management, day two-BCC, day three-on web site & external persons."

Quality Standards for Offices of Inspector General, Reporting – D. Distribution of Final Reports

If authorized or required, final reports on the results of OIG activities should be distributed or otherwise made available to appropriate legislative bodies, interested parties, and the public to the extent consistent with the law, including requirements imposed by confidentiality rules and the prosecutive system.

The final report is released to all parties on day one and posted on the website shortly thereafter.

- b. "The assessment is conducted after fieldwork has been completed and the report (i) has been reviewed by the Director and is ready for sending to the Clerk for review; (ii) has been cross-referenced to supporting workpapers; and (iii) in addition to the cross-referenced report, the QA questionnaire is done on every audit by the IG supervisor and IG auditor."

"The reporting assessment is conducted after the report has been released and the audit is ready to be closed."

Quality Assurance – A. General Standard

The OIG should establish and maintain a quality assurance program to ensure that work performed adheres to established OIG policies and procedures, meets established standards of performance, and is carried out economically, efficiently, and effectively.

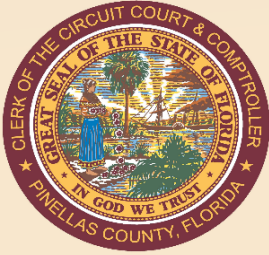
The QA assessment is done after fieldwork during the reporting phase, but the precise timing varies from project to project. In addition, the QA Questionnaire has been replaced by a QA Guide. The reporting assessment is no longer completed.

We Recommend:

- Update the IG Manual language to reflect the current process.
- The QA language should be updated to reflect a more general process since the QA timeline varies within each project and the QA Questionnaire should be updated to reflect the QA Guide.
- The reporting assessment language should be removed as this procedure has been discontinued.

IG/CAE Response:

Concur. The IG Manual has been updated and edits reviewed and acknowledged by staff.



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